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Message Text

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ACTION EUR-12

INFO OCT-01 ISO-00 AID-05 CEA-01 CIAE-00 COME-00 EB-07

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R 141834Z MAR 75
FM AMEMBASSY LONDON
TO SECSTATE WASHDC 9304
INFO AMEMBASSY BONN
AMEMBASSY BRUSSELS
AMEMBASSY COPENHAGEN
AMEMBASSY DUBLIN
AMEMBASSY LUXEMBOURG
AMEMBASSY PARIS
AMEMBASSY ROME
AMEMBASSY THE HAGUE
USMISSION OECD PARIS
USMISSION EC BRUSSELS
AMCONSUL EDINBURGH
AMCONSUL LIVERPOOL
AMCONSUL BELFAST

C O N F I D E N T I A L LONDON 4004

E.O. 11652: GDS
TAGS: EGEN, EEC, UK
SUBJECT: REFLECTIONS ON EC RENEGOTIATION

SUMMARY: THE TANGIBLE RESULTS OF EC RENEGOTIATION MAY LOOK LIMITED WHEN THEY ARE EXAMINED CLOSELY, BUT THIS WILL NOT STOP WILSON AND A MAJORITY OF HIS CABINET FROM CLAIMING THAT SUBSTANTIAL IMPROVEMENTS HAVE BEEN MADE IN THE TERMS OF MEMBERSHIP. THE COMMUNITY HAS, IN FACT, BECOME A MORE CONGENIAL PLACE FOR THE BRITISH THAN IT WAS WHEN THEY JOINED, EVEN IF THIS IS MAINLY
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DUE TO REASONS OTHER THAN RENEGOTIATION. THE DETAILS OF

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THE TERMS ARE LIKELY TO BE LEFT BEHIND IN THE REFERENDUM CAMPAIGN AS PEOPLE CONCENTRATE ON BROADER ISSUES, SUCH AS SOVEREIGNTY OR THE IMPACT OF MEMBERSHIP ITSELF ON THE BRITISH ECONOMY. IF THE BRITISH PEOPLE DO, IN THE END, VOTE TO STAY IN, THE LONG PROCESS OF RENEGOTIATION AND PUBLIC DEBATE MAY WELL PROVE TO HAVE BEEN WORTHWHILE AFTER ALL, IN THAT IT MAY PRODUCE THE KIND OF BASIC CONSENSUS IN SUPPORT OF MEMBERSHIP THAT THE HEATH GOVERNMENT FAILED TO CREATE WHEN IT BROUGHT BRITIAN INTO THE COMMUNITY. END SUMMARY

1. THE BRITISH DID NOT EMBARK ON EC RENEGOTATION BECAUSE OF APRESSING NEED TO REVISE THE TERMS OF BRITIAN'S ENTRY INTO THE COMMUNITY. THE ORIGINAL TERMS HAVE SO FAR CAUSED NO SERIOUS PROBLEMS FOR THE BRITISH ECONOMY. RENEGOTIATION AROSE FROM CONSIDERATIONS OF DOMESTIC POLITICS--FROM A DESIRE TO KEEP THE LABOUR PARTY FROM SPLITTING OVER THE EC ISSUE, AND FROM THE FACT THAT BRITIAN WENT INTO THE COMMUNITY WITHOUT A BROAD POPULAR CONSENSUS IN FAVOR OF MEMBERSHIP.

2. THE DISCORDANCE OF ITS STATED AIMS AND UNDERLYING MOTIVATION GAVE RENEGOTIATION--AS ONE SENIOR BRITISH OFFICIAL PUT IT--"A GHASTLY AIR OF UNREALITY." THE OTHER MEMBER STATES UNDERSTOOD THE DOMESTIC POLITICAL RAMIFICATIONS, HOWEVER, AND ONCE THEY SAW THAT THEY WERE NOT GOING TO HAVE TO MAKE MAJOR CONCESSIONS, THEY PLAYED ALONG IN THE INTEREST OF KEEPING BRITIAN IN THE COMMUNITY.

3. THE UK LIMITED ITS OBJECTIVES AT THE OUTSET BY AGREEING NOT TO ASK FOR CHANGES IN THE EC TREATIES. ANY REQUESTS FOR TREATY CHANGES WOULD HAVE BEEN UNACCEPTABLE TO THE OTHER MEMBER STATES, AND WOULD HAVE SIMPLY LED TO DEADLOCK. WITHIN THESE LIMITS, BRITIAN MANAGED TO ACHIEVE A FEW TANGIBLE RESULTS. THE EC BUDGET SYSTEM IS NOW FAIRER, EVEN IF THE AMOUNT OF MONEY AT STAKE IS RELATIVELY SMALL. IN REVISING THE SUPPORT SYSTEM FOR BEEF, THE COMMUNITY HAS INTRODUCED WHAT AMOUNTS TO DEFICIENCY PAYMENTS--BRITIAN'S TRADITIONAL APPROACH TO AGRICULTURAL SUPPORT. THE AGREEMENT ON SUGAR PROMISES CONFIDENTIAL

BENEFITS FOR COMMONWEALTH PRODUCERS AND BRITISH CONSUMERS.

4. UK OFFICIALS WONDER, ON A STRICTLY OFF-THE-RECORD BASIS, WHETHER THE SAME RESULTS COULD NOT HAVE BEEN ACHIEVED THROUGH THE NORMAL COMMUNITY BARGAINING PROCESS. THE NEGOTIATING LEVERAGE GAINED FROM THE THREAT OF WITHDRAWAL MAY HAVE BEEN COUNTERBALANCED BY THE

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EROSION OF THE GOODWILL OF THE OTHER MEMBER STATES, OR BY THE TIME LOST IN NEGOTIATING OVER ISSUS LIKE NEW ZEALAND'S BUTTER EXPORTS AFTER 1977, WHICH ARE NOT OF IMMEDIATE IMPORTANCE.

5. ALTHOUGH THE REAL RESULTS MAY HAVE BEEN LIMITED, THE PRIME MINISTER AND A MAJORITY OF HIS CABINET CAN NOW BE EXPECTED TO CLAIM THAT SUBSTANTIAL IMPROVEMENTS HAVE BEEN MADE IN THE TERMS OF MEMBERSHIP. THEY WILL CITE THE DIRECT RESULTS OF RENEGOTIATION--SUCH AS THOSE MENTIONED ABOVE--AS WELL AS THINGS THAT THE COMMUNITY WOULD HAVE PROBABLY DONE ANYWAY, SUCH AS THE LOME CONVENTION AND THE EC REGIONAL FUND. THE CONSERVATIVE OPPOSITION AND THE PRO-MARKET PRESS WILL ALLOW THE GOVERNMENT TO EXAGGERATE THE RESULTS IN THE INTEREST OF A FAVORABLE OUTCOME OF THE REFERENDUM.

6. THE BRITISH ARE, IN FACT, JUSTIFIED IN ARGUING THAT THE COMMUNITY IS NOW A MORE CONGENIAL PLACE THAN IT WAS WHEN THEY JOINED. COMMUNITY DECISION-MAKING HAS BECOME MORE PRAGMATIC, THANKS LARGELY TO THE CHANGE OF GOVERNMENT IN FRANCE. HIGH WORLD FOOD PRICES HAVE MADE EC PRICES RELATIVELY LESS ONEROUS FOR THE BRITISH CONSUMER, AND THE COMMUNITY HAS DROPPED ITS PLANS FOR AN ECONOMIC AND MONETARY UNION THAT WOULD HAVE MEANT A BIG STEP TOWARD SUPRANATIONALITY.

7. PERHAPS THE MOST IMPORTANT RESULT OF RENEGOTIATION IS THE EFFECT THAT IT HAS HAD ON CERTAIN MEMBERS OF THE LABOUR GOVERNMENT--NOTABLY PEART AND CALLIGHAN--WHO BEGAN THE PROCESS BY BEING AGNOSTIC, IF NOT HOSTILE TOWARD THE COMMUNITY, AND WHO ARE NOW READY TO CAMPAIGN FOR CONTINUED MEMBERSHIP. SOME KEY BRITISH
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OFFICIALS (NOTABLY MICHAEL BUTLER AT THE FOREIGN OFFICE AND FREDDIE KEARNS AT THE MINISTRY OF AGRICULTURE) DESERVE CONSIDERABLE CREDIT FOR BRINGING THEIR MINISTERS AROUND, AND FOR DEVELOPING A REALISTIC STRATEGY FOR THE NEGOTIATIONS.

8. NOW THE REFERENDUM CAMPAIGN BEGINS IN ERNEST. THE DETAILS OF THE TERMS OF MEMBERSHIP ARE LIKELY TO BE LEFT BEHIND AS THE CAMPAIGN CENTERS ON BROADER ISSUES, SUCH AS SOVEREIGNTY OR THE OVERALL EFFECTS OF MEMBERSHIP ON BRITIAN'S ECONOMY. IF THE REFERENDUM VOTE, IN THE END, TURNS OUT TO BE POSITIVE, THE PROCESS OF RENEGOTIATION AND PUBLIC DEBATE MAY PROVE TO HAVE BEEN WORTHWHILE AFTER ALL, BY PRODUCING THE CONSENSUS IN SUPPORT OF MEMBERSHIP THAT THE HEATH

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GOVERNMENT FAILED TO CREATE WHEN IT BROUGHT BRITIAN
INTO THE COMMUNITY IN 1973.
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TAGS: EGEN, UK, EEC
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